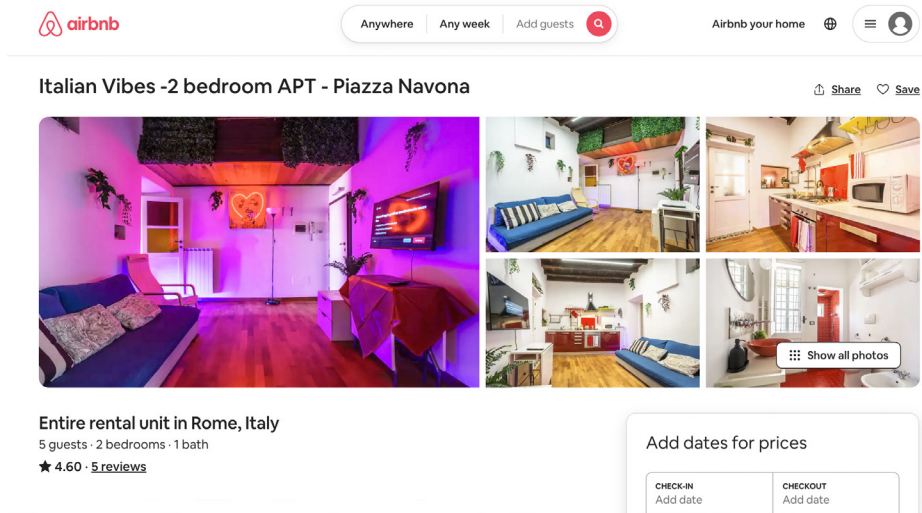


The New Housing Question: Planning, Digital Platforms, and State-Led Financialization of Housing

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Entire apartment in Rome listed on Airbnb. Screen capture from Airbnb website taken by the author on June 17, 2024.

A growing number of people are facing a shortage of affordable and adequate housing. The gap between salaries and housing costs has widened over the past decades as housing costs and real estate values increased, also thanks to the residualization neglect of public housing and to a shift in public policies ultimately aimed at creating the framework for the financialization of housing. The entrance into the housing market of players such as multinational digital platforms backed by international investment funds is leading to a structural transformation of the housing market with an increase of short- and medium-term rentals for temporary residents, catering to tourists and multi-local dwellers, thus fueling the hyper-financialization of the real estate market, both in urban and rural areas. In short, digital capitalism is modifying the relation between populations and territories at an accelerated pace: workers with average salaries are pushed out of cities that have become unaffordable for a growing number of people. Indeed, the urban economy has become heavily dependent on the real estate industry, also fueled by public planning programs and investments that contribute to gentrification and the restructuring of the urban space and economy for wealthier residents and temporary city-users, uprooting communities and transforming cities worldwide into “short-term” cities. Can public policies and traditional land use-planning still play a key role in governing the digital-driven spatial and social transformations that are changing cities and affecting housing affordability? This contribution examines the role of public planning policies in shaping the housing market in Italy, and in the recent growth of short- and medium-term rentals for tourists and students, managed by private providers, property managers, and international digital platforms.

THE EUROPEAN HOUSING MARKET TODAY

The gap between income and housing costs in many western countries has been growing for decades, also due to the withdrawal of public housing policies. Following the COVID-19 pandemic, the housing question is being exacerbated by inflation, rising interest rates, and growth in demand. But the new housing question it has been in the making for years.

In the past decade, from 2010 until the fourth quarter of 2022, average rents increased by 19 percent and house prices by 47 percent in the European Union, according to Housing Europe.⁰¹ House price growth has consistently outpaced growth in incomes. Not surprisingly, the number of homeless people in the EU has more than doubled since 2009, reaching an estimated 890,000 people.⁰²

In 2021, with interest rates still low, the number of housing transactions peaked, driving up house prices and rents; the increase continued throughout 2022 until, at the end of the year, the real estate market settled down and, for the first time since 2015, house prices decreased.⁰³ Meanwhile, rents continued their upward trajectory.

The decrease of house prices in 2022 appears to be good news for anyone wanting to access the property ladder. However, if we look more closely at the mortgage market, we find this is true only in part. In Italy, according to the National Council of Notaries, in the first half of 2023, purchases and sales of first homes between individuals dropped by 11 percent; in contrast, the market for second homes between individuals was stable compared to the first half of 2022 with only a 1.9 percent decrease.⁰⁴ This data provides insight into the fact that, in times of crisis, most housing transactions are relative to housing as an asset—as a commodity—rather than as inhabitation.

Together with rising property values, the economic scenario during the first phase of the recovery from the COVID-19 pandemic saw rising inflation and interest rates, tightened access to mortgage credit, and declining purchasing power. All this led to a shift in demand from purchasing to renting a home. But rents have risen steadily, and the supply of affordable rental housing is scarce; in some countries, such as Italy, it has been in decline for years, also thanks to public policies promoting homeownership. The rise of digital platforms intermediating short-term rentals has led to an alarming shortage of ordinary, long-term rental housing in many cities, big and small.

In many European cities the commodification and financialization of housing makes it increasingly hard for most people to live, work, and set up a family. The idea that housing is the basic platform for pursuing and achieving life goals is nothing new—it is the core idea behind the “housing first” strategy for ending homelessness. What is relatively new is that, for the first time in decades, the housing shortage—part of a broader economic scenario of rising inequality and poverty—is affecting not only the poorest and homeless segments of society, but also middle-class workers with average salaries, young people, students, migrants, and temporary dwellers. Governments continue to promote homeownership as the solution; in Italy, this is the only housing policy currently pursued at the national level. But is homeownership really the solution to the new housing question?

01 “The State of the Housing in Europe 2023: Social housing between a fair energy transition and dealing with crisis,” *Housing Europe*, posted on June 20, 2023, <https://www.housingeurope.eu/resource-1811/the-state-of-the-housing-in-europe-2023>.

02 FEANTSA, *Report: 8th Overview of Housing Exclusion in Europe 2023* (September 5, 2023), <https://www.feantsa.org/en/report/2023/09/05/report-8th-overview-of-housing-exclusion-in-europe-2023>.

03 “House sales statistics,” *Eurostat*, updated on April 4, 2024, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=House_sales_statistics.

04 Consiglio nazionale del notariato, *Dati statistici notarili, primo semestre 2023*, <https://notariato.it/wp-content/uploads/COMUNICATO-STAMP-PA-FOCUS-DSN-17-ottobre.pdf>.

STUCK IN THE PAST

The high homeownership rates in many European countries are the result of past policies.⁰⁵ In fact, outright ownership accounts for these high percentages, particularly in Southern and Eastern European countries, and is typical of older generations.⁰⁶ Not surprisingly, rates of homeownership and mortgage use in OECD countries are substantially lower for young or low-income households.⁰⁷

The expansion of homeownership in the West has been due largely to government intervention in funding and shaping housing policies, in setting up the legal framework for the housing market and, ultimately, in the financialization of housing: introducing saving incentives, tax breaks, interest rates, and credit subsidies, among other measures. The role of family has always been stronger in Southern European countries such as Italy, Portugal, Greece and Spain, where a “familistic” welfare model has meant that access to housing has often been supported by family networks and informal instruments, including self-building or illegal building.⁰⁸

Over the second half of the twentieth century, younger cohorts in Europe became first-time homeowners earlier, were more likely to do it through credit, and were less likely to inherit their home directly, one study found.⁰⁹ But since the rise of homeownership in Europe, social and economic conditions have changed profoundly. Over the past thirty years wages in Italy have fallen by 3 percent¹⁰ and the *working poor*, those who are in poverty despite having jobs, in 2022 represent 11,5 percent of Italian workers— 2,7 million people.¹¹ Today wealth transfers play a much bigger role in access to housing than in the past, also thanks to the rise in homeownership levels: for a vast majority of older Europeans, the most important component of their wealth is housing, and in rich countries the scale of wealth transfers relative to the total national income has increased substantially over recent decades.¹²

Meanwhile, also as a result of renewed caution in the credit market following the 2007–2008 housing market crash and subsequent economic recession, access to credit has been restricted to high-income families, at least in Italy. Thus, both the “familistic” welfare model of intergenerational transfers of wealth and the credit market are reinforcing the wealth gap and inequality.

Rising house prices have been encouraged by governments, but they now result in a burden on future generations. First-time buyers today must have adequate salaries and some capital set aside or inherited for a down-payment. With job precarity on the rise, younger generations from low and middle-class families find it increasingly difficult to satisfy these conditions. In Europe, many young adults have been unable to move out of the family home altogether due to a lack of affordable options. Between 2012 and 2020, overall homeownership has declined across the EU. This decrease was driven by declining ownership among young adults and low-income groups, with an increase in the proportion of young adults

05 In the EU in 2022, 69 percent of the population lived in a household owning their home. In “Housing in Europe, 2023 Edition,” *Eurostat*, [https://ec.europa.eu/eurostat/web/interactive-publications/housing-2023#:~:text=In%20the%20EU%20in%202022,%25\)%20and%20Hungary%20\(90%25\).](https://ec.europa.eu/eurostat/web/interactive-publications/housing-2023#:~:text=In%20the%20EU%20in%202022,%25)%20and%20Hungary%20(90%25).)

06 “Housing statistics, Tenure status,” *Eurostat*, last revised on April 13, 2021, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Archive:Housing_statistics&direction=next&oldid=497245#Tenure_status.

07 Frank van Hoenselaar, Boris Cournède, Federica De Pace, and Volker Ziemann, *Mortgage Finance across OECD Countries*, Economics Department Working Papers Number 1693, (OECD, 2021): 10, [https://one.oecd.org/document/ECO/WKP\(2021\)44/en/pdf](https://one.oecd.org/document/ECO/WKP(2021)44/en/pdf).

08 Simone Tulumello and Myrto Dagkouli-Kyriakoglou, *Financialization of Housing in Southern Europe: Policy Analysis and Recommendations* (The Left in the European Parliament, Bloco de Esquerda, 2022): 29.

09 Viola Angelini, Anne Laferrère, and Guglielmo Weber, “Home-Ownership in Europe: How did it happen?” *Advances in Life Course Research*, Volume 18, Issue 1 (2013): 83–90, <https://doi.org/10.1016/j.alcr.2012.10.006>.

10 Openpolis, “Quanto guadagnano in media i cittadini europei”, (October 13 2021), <https://www.openpolis.it/quanto-guadagnano-in-media-i-cittadini-europei/>

11 Istat, “Rapporto sui Sustainable Development Goals (DGs)”, 2023, <https://www.istat.it/it/archivio/285778>

12 Paolo Acciari and Salvatore Morelli, “Wealth transfers and net wealth at death: evidence from the Italian inheritance tax records 1995–2016,” *Studies in Income and Wealth* 80 (2022): 175–203, <http://www.nber.org/chapters/c14451>.

aged 20–29 relying on private rentals.¹³ In Italy, the overall decline in homeownership between 2004 and 2021 does not appear to be significant. However, the observation of the change in the ownership rate by age group reveals that the under-35 population experienced a ten-percent decrease, while in older segments of the population the ownership rate actually increased, compensating for the decrease observed among the younger segments.¹⁴

Comparing real estate values and incomes in major Italian cities (Turin, Milan, Bologna, Rome and Naples), one study has found that, with the exception of Turin, large Italian cities are completely inaccessible for single-income households (which in 2021 accounted for 33.2 percent of Italian households) and are just slightly more accessible for two-income households.¹⁵ But while an increasing number of families are excluded from the property ladder, renting a home in Italy has also become increasingly difficult. Homes for rent are about 10 percent of the available housing stock, while another 11 percent of homes are neither primary residences nor rented units and are classified by the Italian National Institute of Statistics (Istat) as “available”—in other words, empty. The substantial shortage of rental supply, also due to the increase of short-term touristic rentals in cities in the past decade, has led to the increase of rents over the past two years (+2.1 percent in 2023).¹⁶ Tenure status in Italy is correlated to economic conditions: younger families and migrants are most likely to be renting a home. Seventy-four percent of foreign families, 50 percent of single people under 35, 40 percent of young couples without children, and 35 percent of single people aged 35–64 make up the 5 million families (20.5 percent of total Italian families) who are renting a home. However, 3 million families spend over 40 percent of their income on rent, a figure which exceeds the 30 percent threshold that defines housing as affordable. In 2022, 41,849 eviction notices were issued, 99,316 were requested and more than 30,000 evictions were carried out in Italy.¹⁷

Finally, outright homeownership is traditionally viewed as a safeguard against poverty. But this is not always the case: while it is true that people who own their home without a mortgage do not face rent or mortgage costs, surprisingly, among homeowners, not having a mortgage is more common among people who are at risk of poverty (78 percent) than those who are not (60 per cent).¹⁸

THE POLITICAL DIMENSION OF HOUSING

Today in Italy, traditional forms of tenure (renting and owning a home) seem to be out of reach for too many people. Housing policies, in many cases dating back to the eighties and nineties, need a new architecture. They need to adjust to the current economic situation. But first of all, the underlying political dimension of housing must be acknowledged: specific measures aimed at increasing housing accessibility must be based on a broader rethinking of housing as an individual and a collective basic need: the decommodification of the concept of housing, increasingly viewed as an investment also by the general public, is the first step towards solving the housing crisis.

13 “The age at which at least 50 percent of people in the EU were living outside their parental home increased from 26 to 28 percent between 2007 and 2019.” Hans Dubois and Sanna Nivakoski, “Living Conditions and Quality of Life: Unaffordable and Inadequate Housing in Europe,” *Eurofound* (May 30 2023), <https://www.eurofound.europa.eu/en/publications/2023/unaffordable-and-inadequate-housing-europe>.

14 Think Tank Tortuga, “L’accessibilità abitativa in Italia, un’analisi a livello comunale,” *Tortuga Policy Reports* (October 2023), https://www.tortuga-econ.it/2023/10/22/accessibilita_abitativa/.

15 Think Tank Tortuga, “L’accessibilità abitativa in Italia, un’analisi a livello comunale.”

16 “Affitti: mercato bloccato con 11% delle abitazioni inutilizzate,” *Nomisma* (March 19, 2024), <https://www.nomisma.it/press-area/affitti-mercato-bloccato-con-11-delle-abitazioni-inutilizzate/>.

17 Ministero dell’Interno, Ufficio Centrale di Statistica, Andamento delle procedure di rilascio di immobili ad uso abitativo, 2022, https://ucs.interno.gov.it/ucs/contenuti/Andamento_delle_procedure_di_rilascio_di_immobili_ad_uso_abitativo-168224.htm

18 Hans Dubois and Sanna Nivakoski, “Living Conditions and Quality of Life: Unaffordable and Inadequate Housing in Europe,” *Eurofound* (May 30 2023),

The political dimension of housing can easily be understood by considering the origin of modern housing policies as introduced to tackle the emerging housing question due to urbanization spurred by the industrial revolution.

The first piece of modern housing legislation was introduced in the UK in 1842 for reasons of public health when the city of Liverpool ordered that homeowners provide for their own sanitation by enacting the Sanitation Act, which at the same time made the City Council responsible for the drainage, paving, sewage, and hygiene of the city. In 1897, the city ordered the closure of 5,000 unhealthy cellars and declared them unfit for inhabitation. Housing reform was slow to follow, but for the first time public legislation had a say in limiting private property rights for reasons of public health. The fact that state intervention in the sphere of housing began in the field of health legislation seems to confirm what Karl Polanyi wrote in 1944 about the industrial revolution: “Human society would have been annihilated but for protective counter-moves which blunted the action of this self-destructive mechanism.”¹⁹ In other words: *regulation* and *planning* emerged as necessary components of semi-capitalist societies from the very beginning. According to the Italian architect and architecture historian Leonardo Benevolo, the origin of modern city planning must be contextualized “as part of the ongoing attempt to extend the potential benefits of the industrial revolution to all classes, making clear once and for all the inevitable political implication inherent in the technical debate.”²⁰ In other words, city planning cannot be reduced to a merely technical debate, because it is an inherently political practice.

Especially after World War II, planning and welfare played a major role in shaping cities and society, ending poverty for many, and bridging territorial and social gaps. State intervention gained approval also thanks to the war effort. Because of this, in 1947, the UK Planning Act could provide for the nationalization of building rights, establishing the principle that ownership of the land does not automatically entail the right to build (and sell) housing on it. Then, in 1949, public housing was established as a universal measure for all.²¹ Still, in 1980, just before Thatcher-era policies came into effect, council housing in the UK housed more than 30 percent of the population.²²

The first Italian law on housing dates back to 1903. The aim was to provide housing for the poorest segments of the population. But as in other countries, state efforts in this direction truly took off after World War II, also with the aim of triggering economic development: the construction of housing was also a means to foster employment. The INA-Casa program (after *Istituto Nazionale delle Assicurazioni*, or National Insurance Institute) was approved in 1949 and completed 355,000 housing units by 1963, when it was replaced with another program, dubbed Gescal (*Gestione Casa per i Lavoratori*, or Workers’ Housing Management). Even before the conception of the INA-Casa program, cities were mandated to draft urban master plans regulating land use by a national urban planning law, passed by the fascist government in 1942. However, it took two decades before master planning started to be effectively adopted by municipalities nationwide. Rome, for example, only adopted such a plan in 1962, after Fiorentino Sullo, the Christian Democratic Minister of Public Works who had overseen its drafting, set an ultimatum for the plan’s adoption and suspended all building permits until then—an unprecedented and courageous act against land speculation. Indeed, the migration of population from rural areas to the industrial cities and to Rome (between 1955 and

19 Karl Polanyi, *The Great Transformation, The political and economic origins of our time* (Boston: Beacon Press, 2001 [1944]): 79

20 Leonardo Benevolo, *Le origini dell'urbanistica moderna* (Bari: Laterza, 2018): 53. Translation by author.

21 John Corkindale, “Fifty Years of the Town and Country Planning Acts, Time to Privatisise Land Development Rights?” *IEA Studies on the Environment* 11, www.iea.org.uk/sites/default/files/publications/files/upldbook383pdf.pdf. For a history of housing and planning in the UK, see John Boughton, *Municipal Dreams: The Rise and Fall of Council Housing*, (London: Verso, 2019).

22 Dave Treanor, *Housing Policies in Europe* (M3 Housing Ltd, 2025), <https://www.iut.nu/wp-content/uploads/2017/03/Housing-Policies-in-Europe.pdf>.

1970, 17 million Italians migrated to cities) had generated a surge in housing demand in unequipped urban areas.²³ In turn, this led to the rise of informal settlements and land speculation, especially in Rome. The construction of public housing in peripheral urban areas, selected because of low land value, also resulted in private land speculation since the servicing of the land raised the value of the nearby allotments.

In 1963, Fiorentino Sullo proposed reforming the national urban planning law, which dated back to 1942. He understood rent as the extraction of value from land—value which is increased by planning regimes of urbanization and public investments for infrastructure and services. For this reason, as part of a planning regime aimed at governing the expansion of cities and the value of the land, he campaigned for the expropriation of undeveloped land on the basis of its agricultural price, to be sold after development at a value increased by the servicing cost the municipality had borne or sold only with the right to the surface of the land for the construction of affordable housing as a concession. Had it been approved, the scheme would have profoundly changed the ownership regime of urban areas: only a part of the already-developed areas would have remained in private ownership, while the other areas would have gradually passed into the ownership of the municipalities, which in turn would have given surface rights to private individuals for the uses provided for in the urban plans. Because of this proposal, Sullo became the object of a denigratory press campaign accusing him of “threatening to take homes away from Italians.” His proposal never reached Parliament.

However, a variety of measures were eventually put in place to redistribute (socially produced) land rent, such as a land value tax.

As lawmakers understood, the crux of the housing question lies above all on urban rent extraction: land value is increased by planning regimes of urbanization and public investments for infrastructure and services, key factors in determining market prices and housing affordability. “The housing question is fundamentally about the value of urban space and how it is used, owned, and governed. Housing prices are, in fact, linked to land value (rather than building value) which is positional, since it depends on its location. By buying or renting a house, one buys or rents, first of all, a location in the urban space,” write the authors of seminal paper on the political dimension of housing, Sonia Arbaci, Massimo Bricocoli and Angelo Salento—from which many of the quotes in this section of the essay are taken.²⁴ Ultimately, the authors write, “Housing problems cannot be addressed in isolation from land rent dynamics; in other words, on how the (socially produced) value of urban space is made subject to the appropriation and value extraction, and how land value could be secured, conversely, to collective welfare.”²⁵

Two main efforts guided legislation after World War II: regulating the land and housing markets and creating public housing. Keynesian welfare regimes and housing policies were introduced as a response to extreme inequality in the distribution of wealth. Then, beginning in the seventies, a major shift in housing legislation occurred: “The dismantling of the Keynesian-based welfare regimes changed the role of housing systems from a redistributive instrument for the many (housing as a right) to a device for accumulation for the few (housing as a good and an asset).”²⁶

Top-down class warfare waged through proprietarian rhetoric and pro-rich tax policies has caused levels of income and wealth inequality to rise again, as well as the virtual disappearance of the middle-class that had emerged out of Keynesian policies. Privatization, the deregulation of labor and financial flows, the reduction of public spending, the dismantling of unions, welfare and social protection systems, education and pub-

23 Vezio De Lucia, *Se questa è una città: La condizione urbana nell'Italia contemporanea* (Roma : Donzelli, 2006): 75.

24 Sonia Arbaci, Massimo Bricocoli, and Angelo Salento, “The Value of the City. Rent Extraction, Right to Housing and Conflicts for the Use of Urban Space,” *Partecipazione e Conflitto* 14(2) (2021): 774–787, 15 July 2021, Doi: 10.1285/i20356609v14i2p774.

25 Ibid.

26 Ibid.

lic health, workers' rights, and deindustrialization policies, have radically transformed society and future prospects for new generations. This is also the reason why, as Thomas Piketty prophetically wrote, "If we do not radically transform the present economic system to make it less inequalitarian, more equitable, and more sustainable, xenophobic 'populism' could well triumph at the ballot box"²⁷.

THE SHIFT IN ROLE OF THE STATE AND THE PROMOTION OF HOUSING FINANCIALIZATION

The fact that, as Madden and Marcuse argue, "the crisis is the norm"²⁸ is not the result of "a reduction in the role of the state; to the contrary, it may even be an increase in that role."²⁹ The state has not disappeared, it has only shifted the direction of its intervention "from a social and redistributive purpose to an economic and growth or profit-supporting purpose." Thus "most European welfare states have halted the production of public housing, privatized the social housing stock, and withdrawn social policies for housing needs."³⁰ Arbaci, Bricocoli, and Salento highlight one of the ways in which such a shift was achieved and legitimized in the eye of the general public, even the poorest segment of it: the *depoliticization* of housing brought about by Neoliberalism has rendered social and economic transformation a technical issue. "Technocratic responses persist as the dominant paradigm in public action, while disguising a relentless process of de-regulation of the housing market, particularly the rental sector and ownership capital gains."³¹ The process of regulatory transformation is indeed at the heart of the processes of re-commodification and financialization of housing³² which have paved the way for the expansion of the mortgage market and the liberalization of the private rental market, among other consequences. "Central in this process of housing re-commodification is the state's active role in fostering the market-led extraction of rent value from urban space (accumulation of wealth), thus weakening the potential redistributive role of housing policies and regulations."³³

Financialization of housing, achieved through the expansion of credit for homebuyers, has indebted families, transformed the global economy and reshaping cities, by diverting investments from productive activities to eminently financial activities and by "capitalising real estate assets—such as large factories or railway yards—through complex urban regeneration operations, or financial instruments."³⁴

Pro-homeownership ideology was pivotal to the conservative revolution that eroded post-war welfare. This ideology, "which regards home not just as a use value (living space), but as an exchange value and an asset," is not "a straightforward ideological construction" but the outcome of "a succession of norms."³⁵ Indeed, all levels of government in Italy have played a pivotal role not only in enabling but also in crafting the financialization of the production of social rented housing, opening up the market to investment funds through financial-legislative changes.³⁶

On a global scale, the relatively recent appearance of funds with large purchasing power has "created a crisis in the housing market that threatens human rights," writes Make the Shift, a campaign against housing

27 Thomas Piketty, "Capital in Twenty-First Century" translated by Arthur Goldhammer (2014: Cambridge, Massachusetts, The Belknap Press of Harvard University Press): 5.

28 David Madden, Peter Marcuse, "In defense of housing. The politics of crisis" (2016, London, New York: Verso) :10

29 In Arbaci, Bricocoli, and Salento, p. 776

30 Ibid.

31 Ibid.

32 Ibid.

33 Ibid.

34 Ibid.

35 Ibid.

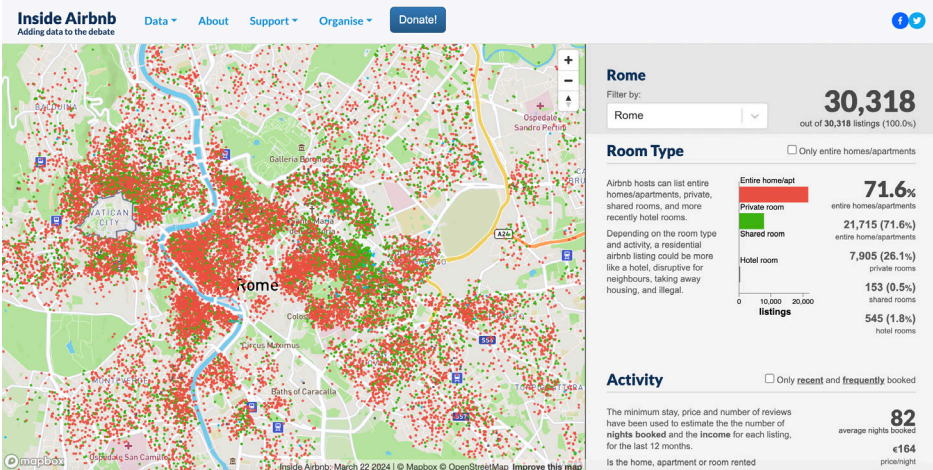
36 Emanuele Belotti, Sonia Arbaci, "From right to good, and to asset: The state-led financialisation of the social rented housing in Italy", *Environment and Planning C: Politics and Space*, 39(2), (2021): 414-433. <https://doi.org/10.1177/2399654420941517>

financialization led by Leilani Farha, former special rapporteur on the right to housing for the United Nations. “Exponential growth of the financialization of housing, particularly since the Global Financial Crisis has turned real estate into arguably the largest business in the world, valued at 280.6 trillion dollars, with residential real estate making up by far the largest portion of this, at 220.6 trillion dollars as of the end of 2017.”³⁷

DIGITAL PLATFORMS AND TEMPORARY POPULATIONS

The grafting of the digital platform economy onto the “largest business in the world,” real estate, is having a huge impact on housing and urban landscapes worldwide. One of the phenomena that has impacted cities the most in the past decade is the rise of digital platforms mediating short-term rentals. In Italy, this happened at a time when the housing question was off the political and media agendas.

The rent differential generated by temporary stays has changed the property market in many city-centers, leading to a rapid increase in housing prices. Here, the supply of ordinary long-term housing has basically disappeared as the real estate market caters to an increasingly select target of *temporary* dwellers, leading to an increase in specific demand for housing and services related to a temporary permanence in the “short-term city.”



Airbnb listings in Rome on March 22, 2024. Image from Inside Airbnb website, taken by the author. June 17, 2024.

Thanks to the lack of regulation of short-term rentals, Italy became the second European market in 2018 for Airbnb, the leading platform for short-term rentals.³⁸ Today we are witnessing the evolution of the Airbnb model, with a new supply of medium-term rentals not only for tourists but for temporary and multi-local dwellers in general, managed by digital platforms that either own property or provide fixed rents to landlords. In recent years, the boundaries between categories of temporary users (students, workers, tourists) are increasingly blurred, while the role of intermediaries, digital propriety managers, and large multinational groups is growing.

37 “Financialization,” *Make the Shift*, <https://make-the-shift.org/financialization/>.
38 Luigi Buzzacchi, Francesca Governa, Chiara Iacovone, and Francesco Milone, *Italy is in the Air(bnb): The Uneven Diffusion of Short-Term Rental Markets between Urban Locations and Selective Tourism Destinations*, (Future Urban Legacy Lab, Politecnico di Torino, 2020), <https://full.polito.it/reader/italy-is-in-the-airbn/>.

Across Europe, cities have made efforts to regulate short-term rentals by introducing caps and limitations. Italy has not yet introduced the national legislation necessary for cities to regulate short-term rentals. A recent study has highlighted the importance of planning and regulation regimes in curbing the spread of short-term rentals by comparing cities in Europe that have introduced regulations with those who have not. The study found a reduction of the pressure of short-term rentals of almost 30 percent when regulations were implemented. Also, in these cities, results in terms of professionalization of the market are interesting, with a decrease of approximately 25 percent of total multi-hosts managing multiple listing in cities that have regulated their activity.³⁹ These results show that city planning can be reverted to serve the general interest and play an important role in regulating the digitally driven real estate market.

PLANNING AND REGULATION ARE ALIVE AND WELL, JUST IN THE WRONG HANDS: THE CASE OF STUDENT HOUSING

The crucial role played by regulation can be seen in Italy also in the context of student housing, which is temporary and is the most profitable market segment along with short-term tourist rentals. Since 2000, the state has allocated more than 1 billion euros through Law 338 to finance 50 percent of the cost of creating new student housing units. Between 2001 and 2016, 38,488 units have been financed. So far, student housing in Italy has been managed mainly by public regional bodies and universities, with a mission to promote affordable accommodation. A residual percentage of units is managed by private providers which offer extra personalized services to justify high rental costs. Under Law 338/2000, private providers benefiting from state funds were obliged to allocate at least 20 percent of new housing units to low-income eligible students. But it is unclear whether this obligation has ever been met because the Ministry of University and Research does not provide this information. Furthermore, there is a lack of coordination between the regional bodies in charge of allocating support to eligible students, and private providers managing the units: in other words, there is no oversight.

The National Recovery and Resilience Plan (NRRP), Italy's share of the EU recovery plan, is now opening up the student housing market to private non-profit and for-profit providers with a public investment of 1.2 million euros for creating 60,000 new student housing units by mid-2026. The NRRP, which led to the reform of student housing legislation, is explicitly aimed at "opening up the market to private investors and public-private partnerships."⁴⁰

The reform of student housing legislation raised the percentage of state funding covering the costs for new and renovated units from 50 to 75 percent, allowing student housing providers to benefit from a social housing tax regime, initially cancelling the obligation for private providers to allocate at least 20 percent of new housing units to low-income eligible students. This provision has recently been reintroduced and raised to 30 percent, also thanks to student protests. However, while the NRRP has provided for covering operating costs for new units for three years, no form of rent regulation for student housing units has been put in place. Furthermore, a number of units in private residences can be leased to tourists thanks to a mixed-use policy: in this model of student housing the boundary between hotels and student residences is increasingly blurred.

39 Gianluca Bei and Filippo Celata, "Challenges and Effects of Short-Term Rentals Regulation: A Counterfactual Assessment of European Cities," *Annals of Tourism Research* 101 (2023), <https://doi.org/10.1016/j.annals.2023.103605>.

40 Piano nazionale di ripresa e resilienza, Riforma 1.7 della Missione 4, Componente 1, Alloggi per gli studenti e riforma della legislazione sugli alloggi per gli studenti, <https://www.governo.it/sites/governo.it/files/PNRR.pdf>

The technical details of the student housing plan are important because they reveal the true nature of the role of the state in supporting, yet again, housing financialization with public funding and *ad hoc* legislation, making student housing the forefront of deregulation intended to open up student housing to profit-seeking private actors.



Real estate development in Milan. Photo by the author, 20 March 2024.

In order to attract private investments to a sector that should be protected from the market in order to guarantee the right to education and housing, an “Interinstitutional Technical Table” was set up within the Ministry for University to define the criteria for determining the fees paid by students for (public) accommodation. One of the four criteria selected is, incredibly, the “market values” in the area where future student housing will be created, supposedly with a social purpose, with public funding. Finally, extra costs for unnecessary services, such as cleaning and laundry fees, added onto the rent fees, is translating into higher-than-market-rate rents.

Because student housing in Italy falls within the category of social housing, a percentage of which must be built with each new real estate development, private developers, real estate funds, and other international actors are building student residencies with a percentage of units to be assigned to low-income students which are rented at higher-than-market-rate rents instead of ordinary affordable “social” housing. The rents for these units are agreed upon with the municipality and are lower-than-market-rate. However, the student housing providers add extra costs onto the final fee to be paid by students, relative to services such as cleaning, laundry, and sports facilities within the complexes. These extra costs can amount to three times the rent, resulting in final fees that are double average market rate rents for a single room.⁴¹ And because these units are classified as social housing, real estate developers are exempt from urbanization charges.

41 One example is an agreement signed in 2019 between the City of Milan and Castello SGR: the rent for a single student housing unit (a single room) agreed is 268,07 euros per month, but the extra costs amount to 600 euros per month, bringing the final fee to 868,07 euros per month.

Hence Italy's recovery plan could be facilitating the work of financial real estate players within the newly deregulated student housing market. European recovery funds supporting private investments, with no oversight on final housing costs, could be widening the gap between supply and demand of affordable student housing, driving the increase of prices in the Italian real estate market. This would not have been possible without ad hoc state intervention. The case of student housing in Italy, as well as the absence of regulations restricting short term rentals, shows clearly that planning and regulation are alive and well—just in the wrong hands.

AUTHOR

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